

STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Murphy Mortgage, Inc.  
20400 Ecorse Road  
Taylor, Michigan 48180

Enforcement Case No. 07-4927

Respondent

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Issued and entered,  
on 8 March 2007  
by Frances K. Wallace,  
Chief Deputy Commissioner

CONSENT ORDER

I.  
BACKGROUND

Murphy Mortgage, Inc. ("Respondent") is a Michigan domiciled corporation, organized under the laws of the state of Michigan, that has made application for licensure as a mortgage broker and mortgage lender under the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.* Christopher Murphy (Mr. Murphy) is the President and a shareholder of Respondent. Respondent is not presently licensed by the Office of Financial and Insurance Services ("OFIS") pursuant to the MBLSLA or any other consumer finance statute regulated by OFIS. In reviewing Respondent's application, OFIS staff determined that Respondent was already conducting mortgage-related activities,

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which require licensure as a mortgage broker under the MBLSLA. Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

## II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Pursuant to Respondent's Personal Disclosure Statement submitted to OFIS on or about July 19, 2006, Mr. Murphy has been a loan officer for CBB, Inc. dba Bretlin Home Mortgage ("Bretlin") since July 2003. Bretlin is a licensed Michigan mortgage broker and lender.
2. At all times pertinent to the matter herein, Respondent was neither licensed by OFIS to act as a mortgage broker, nor does it meet any of exemptions prescribed by the MBLSLA to act as a mortgage broker without first obtaining a license from the Commissioner of OFIS.
3. The Commissioner of OFIS has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, and the MBLSLA.
4. According to Mr. Murphy, 10% of the income he earned for originating mortgage loans on behalf of Bretlin was paid to him and reported to the Department of Treasury Internal Revenue Service (IRS) via Forms W-2; his remaining income was paid directly to the Respondent.
5. Mr. Murphy submitted a W-2 form to OFIS, which shows that in the year 2005 he was the recipient of compensation from Bretlin in the sum of \$299.00. A representative of Bretlin informed OFIS that Respondent received compensation from Bretlin in the sum of \$193,392.00 in 2005. In the same year, Respondent reported a total net gain of \$198,568.00 on an IRS Form 1120S and compensated Mr. Murphy in the sum of \$82,938.00.

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6. Bretlin Administrative Services, LLC reports compensation from Bretlin to Mr. Murphy via a Form W-2 in the amount of \$6,741.00 for 2006. A representative of Bretlin reports that Respondent received remuneration from Bretlin the amount of \$182,664.00.

7. Section 2(1) of the MBLSLA prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

8. Respondent conducted first lien mortgage business without the requisite license or registration certificate required under Section 2(1) of the MBLSLA.

### III. ORDER

It is ORDERED that:

1. Murphy Mortgage, Inc. shall cease and desist violating Section 2(1) of the MBLSLA.

2. Murphy Mortgage, Inc. shall pay to OFIS an applicable civil penalty of \$1,000.00. The fine shall be paid within 30 days of the date of entry of this Order.

3. Christopher Murphy, as President and shareholder of Murphy Mortgage, Inc., shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity conducted by Murphy Mortgage, Inc.

4. Christopher Murphy, as President and shareholder of Murphy Mortgage, Inc., shall educate himself and all employees of Murphy Mortgage, Inc. with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act.



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5. Christopher Murphy shall review and ensure that Murphy Mortgage, Inc. complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS's position on employees and branch offices in Michigan.

6. Christopher Murphy, as President and shareholder of Murphy Mortgage, Inc., shall immediately designate a compliance officer for Murphy Mortgage, Inc., and provide written notification to OFIS of the compliance officer's name and business address, to ensure that Murphy Mortgage, Inc. is in compliance with all applicable state and federal laws. Christopher Murphy's written notice designating a compliance officer shall accompany Murphy Mortgage, Inc.'s payment of a civil fine as provided for in Paragraph 2 of this Order. Christopher Murphy, as President and shareholder of Murphy Mortgage, Inc., shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

7. Christopher Murphy, as President and shareholder of Murphy Mortgage, Inc., shall not utilize independent contractors for mortgage loan origination unless they are: 1) licensed or registered under the MBLSLA; 2) exempted from the MBLSLA under Section 25; or 3) licensed as a class I licensee under the Consumer Financial Services Act.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure by Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

  
Frances K. Wallace  
Chief Deputy Commissioner